GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:739
ANSWERED ON:22.11.2002
INCREASE IN FOREIGN EXCHANGE RESERVES
BRAHMANAND MANDAL

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a): the factors responsible for the increase and decrease in foreign exchange reserve of the country; and

(b): the details of the dependence of foreign exchange reserve on international market?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a): The increase or decrease in foreign exchange reserves depends in general on India`s international transactions both on the current and capital accounts of balance of payments.

(b): International economic situation including developments in global capital markets also affects India`s foreign trade, invisibles and capital flows and thereby have some impact on the foreign exchange reserves. India`s foreign exchange reserves (including gold and SDRs) held by the Reserve Bank of India amounted to US $65.38 billion as on November 8, 2002, which is equivalent to more than one year`s imports.